

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

Illinois Commerce Commission	:	
On Its Own Motion	:	
VS.	:	
Interstate Power and Light Company	:	01-0690
	:	
Reconciliation of revenues collected	:	
under fuel adjustment charges with	:	
actual costs.	:	

ORDER

By the Commission:

On November 7, 2001, the Illinois Commerce Commission ("Commission") entered an Order Commencing FAC Reconciliation Proceedings, in accordance with the requirements of Section 9-220 of the Public Utilities Act ("Act"), which directed Interstate Power and Light Company ("IPL", "Respondent", or "the Company") to present evidence in the docket at a public hearing to show the reconciliation of Respondent's fuel adjustment clause ("FAC") revenues collected with the actual cost of such fuel supplies "prudently purchased for the 12 months ended December 31, 2001."

Notice of the filing of Respondent's testimony and exhibits was posted in Respondent's business offices and was published in newspapers having general circulation in Respondent's electric territories, in the manner prescribed by 83 Ill. Adm. Code 255 in compliance with the Commission's Order in this proceeding.

Pursuant to notice given as required by law and the rules and regulations of the Commission, a hearing was held before a duly authorized Administrative Law Judge of the Commission at its offices in Chicago, Illinois on August 29, 2002. Respondent and Commission Staff appeared.

Respondent presented the Direct and Supplemental Direct Testimony of Amy Isaachsen, a Senior Regulatory Pricing Analyst. Staff witness Leslie Pugh, accountant, in the Accounting Department, Financial Analysis Division, and Greg Rockrohr of the Engineering Department provided Direct Testimony on behalf of the Commission Staff. On August 29, 2002, the record was marked "Heard and Taken".

No petitions to intervene were filed in this proceeding.

The record contains detailed and comprehensive reconciliations of the revenues collected by Respondent under its FAC, and the actual cost of fuel recoverable under this clause for the reconciliation period. The record also contains evidence pertaining to the prudence of purchases of electric fuel, and the prudence of dispatch of generating units and electric energy interchange transactions.

1. Prudence of Purchases, Dispatch and Interchange Procedures

Respondent presented evidence in this proceeding concerning electric fuel purchasing, generating station dispatch and electric energy interchange procedures; planning functions and procedures; fuel contract enforcement procedures; transportation planning and controls; and other matters related to fuel purchasing, station dispatch and electric interchange.

Staff did not challenge the prudence of Respondent's purchases. A review of the record provides nothing to indicate that Respondent's 2001 fuel procurement procedures, practices and transactions were other than prudent.

Electric Fuel Reconciliation

Respondent presented a reconciliation of the Illinois allocation of total fuel revenues with total fuel cost for the reconciliation period January 1, 2001 through December 31, 2001. This reconciliation was attached to Ms. Isaachsen's Supplemental Direct Testimony.

Staff testified that it had conducted a review of the Company's FAC reconciliation and had reviewed Company's filing and Company's extensive data responses concerning revenues collected under the Fuel Adjustment Clause and the costs recoverable under the Clause. Staff, therefore, recommended that the Commission accept the following reconciliation of revenues collected under the FAC with actual costs:

FAC Reconciliation Balance At 12/31/00 – (Over)/Under Collected	(\$159,104)
Requested Ordered Reconciliation Factor to be collected/(refunded) (Factor Ro) in 2001	\$0
2001 FAC Recoverable Costs	\$3,917,347
2001 FAC Revenues	(\$2,302,977)
2001 Base Fuel Cost (BFC) Revenues	<u>(\$1,290,850)</u>
(Over)/Under Recovery for 2001	\$323,520
FAC Reconciliation Balance At	

12/31/01 – (Over)/Under Collected	\$164,416
Ra Balance At 12-31-01	\$204,520
Requested Ordered Reconciliation Factor To be Collected/(Refunded) (Factor Ro)	<u>(\$40,104)</u>

In addition, Staff presented no testimony to challenge the Company's claim that the fuel and power supplies it had purchased during the reconciliation period were prudently purchased.

The Commission, having given due consideration to the entire record and being fully advised in the premises, is of the opinion and finds that:

- (1) Interstate Power and Light Company is an Iowa corporation engaged in the generation and distribution of electricity and the distribution of gas service to the public in Illinois, and, as such, is a public utility within the meaning of the Public Utilities Act;
- (2) the Commission has jurisdiction over Interstate Power and Light Company and of the subject matter, of this proceeding;
- (3) the statements of fact set forth in the prefatory portion of the Order are supported by the evidence and the record and are hereby adopted as findings of fact;
- (4) during the reconciliation period there was no evidence to indicate that IPL had not acted reasonably and prudently in its purchase of fuel, and in its generating station dispatch operations and its electric energy interchange;
- (5) for calendar year 2001, IPL has reconciled satisfactorily the costs of fuel used to generate electricity with the revenues received for such fuel during this period. IPL experienced a total under-recovery of \$323,520 in 2001, leaving an under-recovered balance at December 31, 2001 of \$164,416. The Company carried \$204,520 over to the first two months of 2002 for recovery via Factor Ra resulting in a Requested Ordered Reconciliation Factor of (\$40,104) to be refunded to customers.

IT IS THEREFORE ORDERED that Interstate Power and Light Company's electric fuel reconciliation of costs actually incurred for the purchase of fuel used to generate electricity with revenues received for such fuel, for the reconciliation period beginning January 1, 2001 through December 31, 2001 be, and is hereby, adopted.

IT IS FURTHER ORDERED that Interstate Power and Light Company shall refund to its customers \$40,104 through Factor Ro in the first monthly FAC filing following the date of this Order.

IT IS FURTHER ORDERED that subject to the provisions of Section 10-113 of the Public Utilities Act and 83 Ill. Adm. Code 200.880, this Order is final; it is not subject to the Administrative Review Law.

By Order of the Commission this 23rd day of October, 2002.

(SIGNED) KEVIN K. WRIGHT

Chairman